



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

MINUTES OF A MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM OPERATIONS COMMITTEE

HELD ON
Thursday, November 5, 2009
10:30 a.m., Arizona Time

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in regular session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Steven Zeman, Chair, called the meeting to order at 10:30 a.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Steven Zeman, Chair
Mr. Michael Townsend, Vice-Chair (Via Teleconference)
Dr. Keith Meredith
Mr. David Byers

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the Minutes of the August 27, 2009 OC Meeting

Motion: Mr. David Byers moved the minutes of the August 27, 2009, OC meeting be adopted. Dr. Keith Meredith seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding a Financial Services Division Update

Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, introduced Ms. Nancy Bennett, Assistant Director, Financial Services Division (FSD), who presented the Committee with an overview of FSD including team building and employee satisfaction in its operations as well as the changes in FSD that have led to better efficiency within the division. Ms. Bennett then introduced Ms. Tracy Rundle, Program Manager for Benefits Accounting, Ms. Rochelle Witharana, Controller, and Ms. Tamera Wilson, Program Manager for Membership Accounting. Each gave a brief overview of their units, including the strategic goals, organization, responsibilities, past initiatives, and future initiatives.

4. Presentation, Discussion and Appropriate Action Regarding Strategic Initiatives for ASRS Operations

Mr. Guarino introduced Ms. Valerie Burkett, Program Manager, Technology Services Division, who presented a three-year plan of strategic initiatives for ASRS operations. She said the initiatives were grouped into the following categories: ASRS website enhancements, development of automated workflows and tracking for manual processes, performance reports that support ongoing management of work processes, and corrections and improvements to operations, including cost saving measures. Ms. Burkett said a project plan had been developed outlining the proposed development schedule for the three-year period. She said ASRS staff will provide quarterly updates to the OC on the progress of the plan.

5. Presentation, Discussion and Appropriate Action Regarding an ASRS Security Steering Committee Update

Mr. Guarino introduced Mr. Patrick O'Keefe, Network Information Systems Manager, who addressed the Committee regarding the update of the remediation plan put into place after the June 2009 External Security Audit. He said 34 findings had been identified by the audit and 29 of those have been corrected, the large majority of which were completed by the end of July 2009. He stated three of the five remaining items are scheduled to be completed by the end of January 2010, with the remainder completed in March 2010. Mr. O'Keefe then gave a brief review of the remaining issues that needed to be resolved.

6. Presentation, Discussion and Appropriate Action Regarding the Structure/Governance of the 403(b)/457 Plans

Mr. Patrick M. Klein, Assistant Director, External Affairs, addressed the Committee regarding the new Supplemental Salary Deferral Plan (SSDP). He gave a brief timeline of the creation and release of the Request For Proposal (RFP) for the SSDP. He then offered the management and oversight process listing staff duties, ASRS Board duties, and general governance for the program.

Motion: Dr. Keith Meredith moved the Committee recommend to the ASRS Board approval of the management and oversight process of the Supplemental Salary Deferral Plan as presented at today's Operations Committee meeting. Mr. David Byers seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

7. Review of Recently Conducted Audits

- **Service Purchase**

Mr. Bernard Glick, ASRS Chief Internal Auditor, updated the Committee on a recently conducted audit of Service Purchase (SP). He said the audit had three findings: 1) the ASRS has practices and controls in place over SP function to ensure that requests, invoicing, payments, and allocations are processed and reviewed timely and accurately; 2) there are still forwarding issues regarding the workflow areas of SP; and 3) the Standard Operating Procedures (SOPs) for SP are in need of revision. He stated ASRS management was aware of the findings and has taken steps to revise the SOPs and work on rectifying the workflow issues.

8. Presentation, Discussion and Appropriate Action Regarding the Audit Quarterly Update

Mr. Glick presented a spreadsheet containing the summary of internal audits through the period ending September 2009. The spreadsheet listed the audits, the hours budgeted, and estimates of how many hours were used to perform the audits. Mr. Glick said the audit of Arizona State University would be over budget on hours due to the complexity of the audit. He also indicated one of the auditors in his division retired and a new auditor would be hired in 2010.

9. Request for Future Agenda Items

There were no requests for future agenda items.

10. Call to the Public

No members of the public addressed the Committee.

11. Adjournment of the OC

Mr. Steven Zeman adjourned the meeting at 12:23 p.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director and Chief Operations Officer

Date